WBI Gas Services Co., a division of

WILLISTON BASIN

A Subsidiary of MDU Resources Group, Inc.

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VIA PACSIMILE

Mr. David S. Guzy, Rules and Procedures Staff Minerals Management Service Royalty management Program P.O. Box 25165, MS 3101 Denver, CO 80225-0165 February 1, 1996

RE: Proposed Amendments to the Gas Valuation Regulations for Federal Leases

bear Mr. Guzy,

Through our membership in the Rocky Mountain Oil and Gas Association (RMOGA), Williston Basin Interstate Pipeline Company (WBI) has been participating in the process of the Federal Gas Valuation Negotiated Rulemaking Committee (Committee) since its inception in December, 1993. WBI's views have been largely represented by RMOGA's participation on the Committee and therefore, our comments relative to the above-referenced subject will be kept brief.

First, WBI would like to "thank" the Minerals Management Service (MMS) for its willingness to work with representatives of the Oil and Gas Industry on this most important Royalty Payor issue. It is apparent that this has been a significant task involving a more difficult and challenging approach than that taken in previous rule changes. The MMS-Industry Committee approach will hopefully result in amendments which reflect a more amiable position for the MMS and the numerous Payors.

second, as the fourth largest gas producer in the State of Montana and with lease interests in other states, WBI supports the alternative index-based valuation methodology and urges the MMS to include the Williston Basin zone as one eligible for using index-based valuation. While there is no published index for the Williston Basin zone at the present time, most of the gas sold in the area, whether spot, firm, short or long term, dedicated or non-dedicated, is sold using index-based pricing methodologies. Also, WBI's interstate pipeline system (spanning the states of North and South Dakota, Montana and Wyoming), interconnects with several pipelines with published indices which are often used as the basis for the indexed deals in the Williston Basin zone. In fact, the larger purchasers of gas in the Williston Basin zone, the Local Distribution Companies (LDC's), routinely prove to the various State Regulatory Commissions that they are buying competitively priced gas supplies through the use of index-based gas purchase contracts for all their gas needs, whether firm or interruptible.

WBI looks forward to participation in the technical conference relative to the index zone issue, to be held 90 days prior to the issuance of the final rule. Until then, please feel free to contact me at any time at (701)221-1259. Thank you

Curtis D. Jundt /

Director

Very Thuly

WBI Gas Services Co.